



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

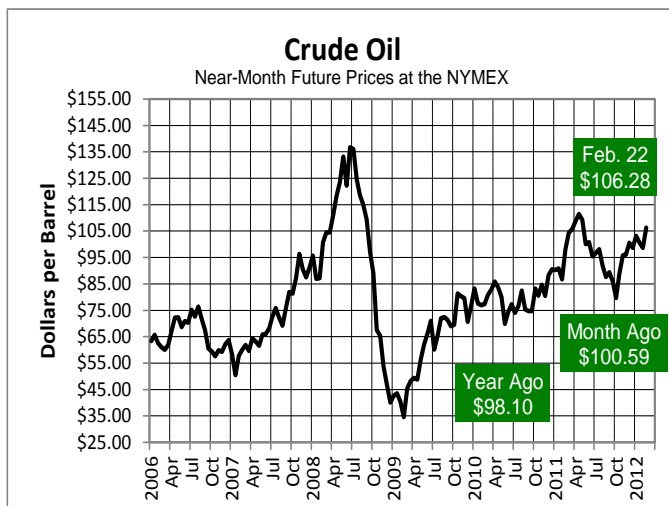
Feb. 24, 2012

Crude Oil

U.S. crude oil prices increased \$5.69 to \$106.28 per barrel in the past month and stand 6 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	02-22-12	01-18-12	change	02-23-11	change
NYMEX	\$106.28	\$100.59	up 6%	\$98.10	up 8%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Apr. delivery ended \$0.03, or less than 1.0 percent, higher Feb. 22 to close at \$106.28 per barrel, after International Atomic Energy Agency (IAEA) officials were denied access to an Iranian military base and said negotiations over the country's nuclear program could not proceed, on tensions with Iran and a recovering US economy. Crude prices are now 8 percent higher compared to the same period last year.
- U.S. inventories grew by 1.6 million barrels (MMB) for the week ending Feb. 17. Futures have been pressured higher on tensions in the Middle East as civil unrest continued in Syria and on-going Iranian threats to close the Strait of Hormuz that could restrict crude oil shipments from certain areas within the Middle East. Iran discontinued selling crude to Great Britain and France as a pre-emptive move to European economic sanctions.
- Futures climbed for a 5th straight day after the IAEA, the United Nations' nuclear body, said Iran refused inspectors permission to visit the Parchin base. Crude fell earlier on reports that manufacturing activity slowed in Europe and China.



- Compared to this time last year, the U.S. crude oil futures settlement price of \$106.28 is \$8.18, or 8 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Feb. 17 averaged 18.1 MMB/D, down 6.7 percent compared to the similar period last year.
- According to the Feb. 23 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories increased 1.6 MMB at

340.7 MMB for the week ending Feb. 17. U.S. crude supplies are now 6.0 MMB lower than at this time last year.

- Crude imports for the week ending Feb. 17 were 9.1 MMB/D, up 0.3 MMB from the prior week. Imports at this time last year averaged 8.1 MMB/D. Crude oil inventories represent 23.4 days of forward cover compared to 24.7 days at this time last year.
- U.S. refinery crude runs were up 262,000 barrels per day with refiners processing 15.2 MMB/D of crude for the week ending Feb. 17. U.S. refinery capacity use was 85.5 percent, up 1.5 percent from the prior week and up 6.1 percent compared to this time last year.
- Gasoline output was down at 8.6 MMB/D on the week as refiners strike a balance between winter gasoline blend production and the continued softness in consumer demand compared to last year. Gasoline output was down 0.33 MMB/D compared to last year at this time. Distillate output decreased at 4.3 MMB/D for the week ending Feb. 17 and stand 0.32 MMB/D higher compared to the production level at this time last year.

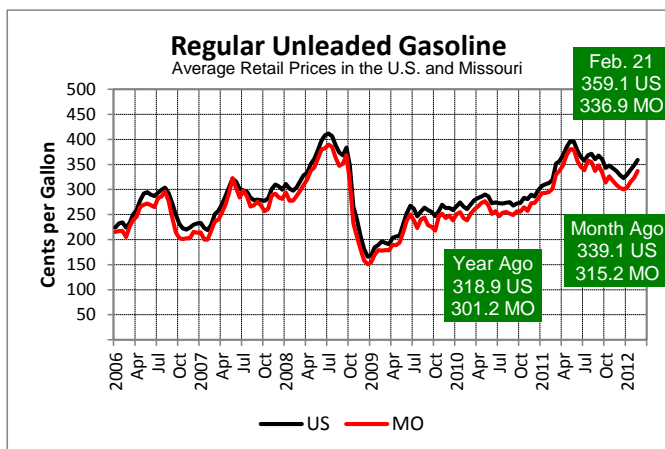
Transportation Fuels

On Feb. 21, Missouri's statewide average retail price for gasoline was \$3.37 per gallon, up 21.7 cents or 7 percent in the past month.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	<u>02-21-12</u>	<u>01-17-12</u>	<u>change</u>	<u>02-22-11</u>	<u>change</u>
US	359.1	339.1	up 6%	318.9	up 13%
Missouri	336.9	315.2	up 7%	301.2	up 12%

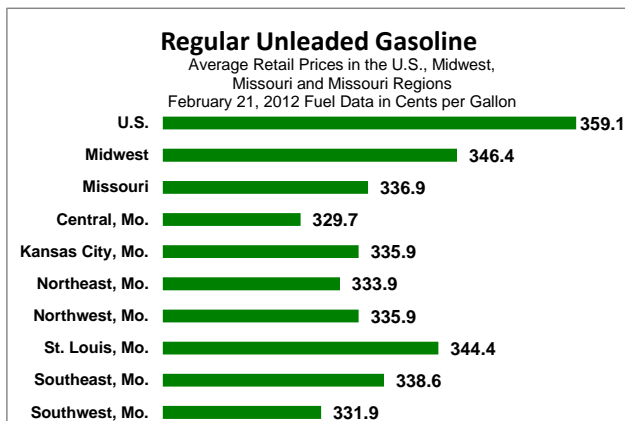
Diesel Fuel - Retail Prices (cents per gallon)					
	<u>02-21-12</u>	<u>01-17-12</u>	<u>change</u>	<u>02-22-11</u>	<u>change</u>
US	396.0	385.4	up 3%	357.3	up 11%
Missouri	376.2	361.9	up 4%	339.5	up 11%

- On Feb. 21, Missouri's average retail price for gasoline was \$3.37, an increase of 21.7 cents in the past month. The average price for diesel fuel was up by about 14 cents in the past month. Missouri's average retail gasoline price is \$0.36 or 12 percent higher, while the average diesel fuel price is \$0.37, or 11 percent, higher for the comparable period in Feb. 2011.



- The U.S. average price for regular gasoline was up by 20 cents per gallon, or 6 percent compared to last month at \$3.60 per gallon. The U.S. average was about \$0.40 or 13 percent higher compared to this time last year and is the highest average retail price recorded for this time of year. In the past week, the U.S. average increased by about 7 cents per gallon.

- Gasoline imports increased to 0.8 MMB/D for the week ending Feb. 17; about 297,000 barrels per day higher compared to the prior week and 38,000 barrels per day higher than last year at this time.

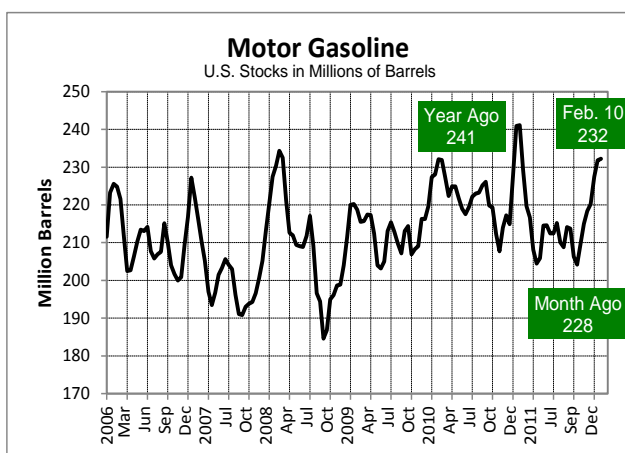
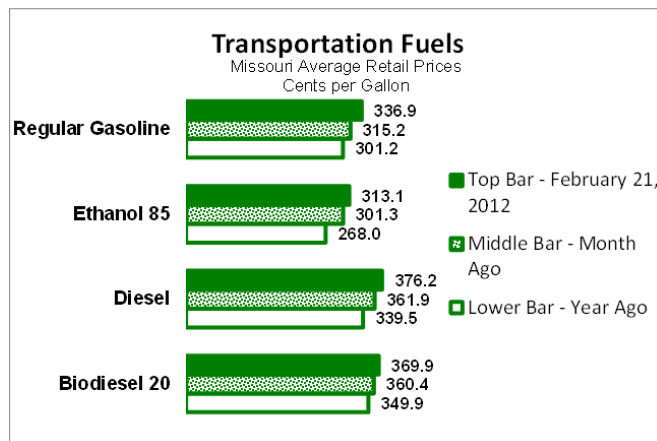


- Implied demand for gasoline increased the week ending Feb. 17 at 8.6 MMB/D, up by 461,000 barrels per day from the prior week yet 473,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.2 MMB/D, 533,000 barrels per day lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 0.6 MMB at 231.5 MMB for the week ending

Feb. 17. Gasoline inventories represent 28.2 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are down 6.8 MMB compared to this time last year and trend at the upper end of the five-year average for this time of year.

- Distillate stocks decreased 0.2 MMB at 143.5 MMB and stand 16.4 MMB lower compared to the same period last year. Distillate demand was down at 3.3 MMB/D for the week ending Feb. 17 and down 500,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 487,000 barrels per day. On a four-week average, distillate demand was down 225,000 barrels per day compared to the same period last year at 3.6 MMB/D.



- On Feb. 21, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$3.13 per gallon, 24 cents or about 8 percent lower than the average price for conventional motor gasoline.
- On Feb. 21, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.70 per gallon, 6 cents or about 2 percent, lower than the statewide average retail price for conventional diesel fuel.

- According to EIA's Feb. 7, 2012 *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average \$3.55 per gallon in 2012, compared with \$3.53 cents per gallon last year. During the April through September peak driving season, prices are forecast to average about 7 cents per gallon higher than the annual average. EIA noted that recent options and futures price data

imply that the market believes that there is about a one-in-four chance that the U.S. average pump price of regular gasoline could exceed \$4 in June of this year.

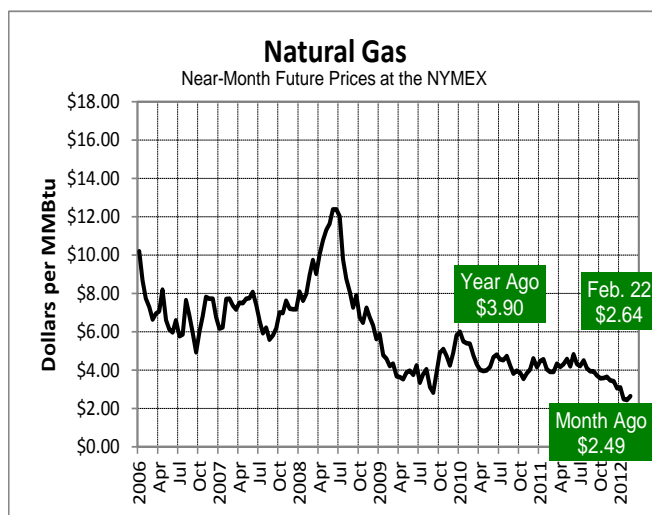
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On Feb. 22, natural gas futures closed at \$2.64 per MMBtu, up 15 cents from a month ago and down \$1.26 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	<u>02-22-12</u>	<u>01-18-12</u>	<u>change</u>	<u>02-24-11</u>	<u>change</u>
NYMEX	\$2.64	\$2.49	up 6%	\$3.90	down 32%

- Natural gas futures for March delivery increased \$0.15 in the past month to a final closing price of \$2.64 per MMBtu on Feb. 22.



- At the NYMEX, the March 2012 contract during the trading week gained about 21.8 cents to close at \$2.64 per MMBtu on Feb. 22.
- The March 2012 contract increased as demand declined after rising last week in response to the cold. Domestic consumption fell by 15.5 percent during the week, but was 9.7 percent greater than last year. The year-over-year increase for the week ending Feb. 17 was driven by a large increase in use of natural gas for electric power generation.
- Working gas in storage as of Feb. 17 totaled 2,595 Bcf, 40.2 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 753 Bcf or 40.9 percent higher than last year at this time.
- According to EIA's *Short Term Energy Outlook* released Feb. 7, 2012, Midwest households that heat with natural gas may realize a fall in natural gas expenditures by 13.5 percent to \$676 for the heating season based on a reduction in consumption of approximately 10 percent and a reduction in price of nearly 4 percent.

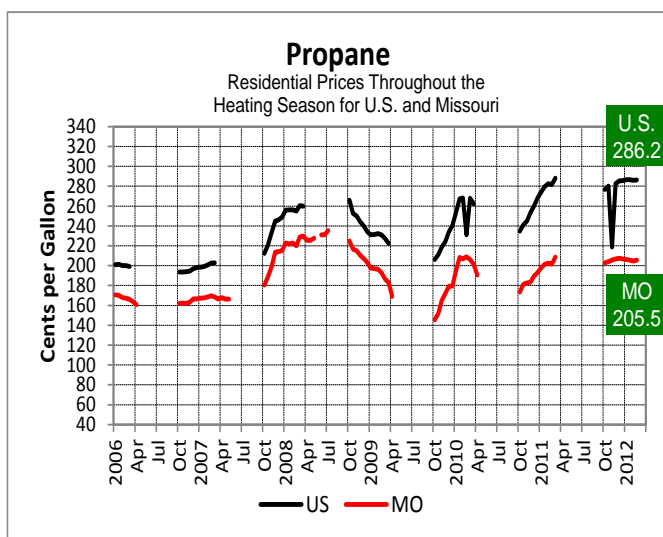
Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

On Feb. 21, the average Missouri retail price for residential propane was about \$2.05 per gallon, relatively unchanged from last month and 2 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>02-21-12</u>	<u>01-17-12</u>	<u>change</u>	<u>02-22-11</u>	<u>change</u>
Missouri	205.5	205.7	down 0%	201.7	up 2%

- According to the Division of Energy's statewide propane price survey conducted Feb. 21, retail residential propane prices were relatively unchanged from last month and stand 3.8 cents per gallon or 2 percent higher than last year at this time.



- According to the survey, the highest Missouri retail residential price for propane was nearly \$3.00 per gallon while the lowest retail price was about \$1.70 per gallon.
- For the week ending Feb. 17, U.S. inventories of propane decreased 1.6 MMB to end at 44.9 MMB. Propane inventories are now 15.4 MMB higher compared to the same period last year. Implied demand for propane increased 208,000 barrels per day at 1.5 MMB/D for the week ending Feb. 17 and up 240,000 barrels per day compared to the demand level for this time last year.
- For the week ending Feb. 17, Midwest propane inventories decreased about 1.2 MMB. At 17.9 MMB, Midwest inventories are 6.9 MMB or about 63 percent higher than the 11.0 MMB reported at this time last year.
- According to EIA's *Short Term Energy Outlook* released Feb. 7, 2012, Midwest households that heat with propane may realize a decrease in propane expenditures by 4.8 percent at \$1,729 for the heating season based on a reduction in consumption of approximately 10 percent.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm